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Letter No. 2349

February 11, 1988

**U.S. WHEAT TO  
USSR**

Recently, the U.S. offered the Soviets an opportunity to purchase another 2 million tons of wheat under the Export Enhancement Program. According to the U.S. Department of Agriculture, the total potential of U.S. wheat sales to the USSR during the fifth year of the Long Term Grain agreement has now reached 6 million 800 thousand tons. As of February 4, 1988, the USSR had already purchased 4 million 800 thousand tons of wheat with slightly over 2 million tons having already been shipped.

**SOVIET IMPORT  
ESTIMATE UP**

The U.S. Department of Agriculture estimate of USSR grain imports for 1987/88 has been increased by one million tons to 32 million, including 21 million tons of wheat, 10 million tons of coarse grain and the balance--pulses, rice and miscellaneous grains. USSR grain purchases from all origins for delivery in the 1987/88 marketing year are now estimated at around 22 million tons, including 17 million tons of wheat. The 1987 USSR wheat crop is estimated to be down from last year's good harvest, and the quality was apparently affected by adverse harvesting weather. Consequently, bread quality wheat and durum have accounted for about 90 percent of USSR wheat purchases to date.

**SOVIET GRAIN  
PRODUCTION**

The Soviet has officially reported its 1987 grain crop at 211 million 300 thousand tons. This is the first time the Soviets have produced a grain crop above 200 million tons in two consecutive years, according to the U.S. Department of Agriculture. Except for corn, none of the major grain production figures were published. However, corn and several of the minor grains were reported as follows: Corn-for-grain, 14 million 800 thousand tons; millet, 3 million 900 thousand; buckwheat, 1 million 300 thousand tons; and rice, 2 million 700 thousand tons.

**FARM INCOME A  
RECORD \$57 BILLION  
FOR 1987**

For the fourth straight year, the net cash farm income rose in 1987 to a record \$57 billion, according to the U.S. Department of Agriculture. The increase reflected large Federal supports, lower operating costs, and a strong year for livestock. Agriculture's financial position improved as land values rose an average 3 to 5 percent...and the farm debt declined roughly 9 percent to \$141 billion, down \$52 billion from the 1983 peak. Higher asset values and continued debt retirement boosted farm equity for the first time since 1980.

WORLD WHEAT  
PRODUCTION

The world production of wheat for 1987/88 is estimated by the U.S. Department of Agriculture at 502 million metric tons, down 600 thousand tons, or less than one percent from last month, and down 5 percent from last year's record harvest. Important changes are due to the downward revision of production in India and East Europe.

WORLD WHEAT  
SITUATION

The world wheat trade estimate for 1987/88 has been increased again this month and, at 102 million 200 thousand tons, would be the second highest trade level on record, according to the U.S. Department of Agriculture. Estimated imports by the USSR increased 1 million tons to 21 million tons as the Soviets continue to buy bread-quality wheat. The U.S. export estimate was increased by 2 million tons to 42 million, representing a 48-percent increase from 1986/87, and as astounding 68-percent jump over the depressed 1984/85 year.

COARSE  
GRAIN  
PRODUCTIONS

The world production of coarse grains for 1987/88 is estimated by the U.S. Department of Agriculture at 792 million 300 thousand tons, down 800 thousand from last month, and down 5 percent from last year's crop. Important changes from a month ago include: Brazil production is estimated at 23 million 100 thousand tons, down 1½ million or 6 percent from last month and down 15 percent from last year; India production is estimated at 23 million tons, down half a million from last month, and down 13 percent from last year; USSR production is estimated at 115 million 800 thousand tons, up 1 million 300 thousand tons or 1 percent from last month and up 9 percent from last year; the European Community production is estimated at 81 million 500 thousand tons, up 200 thousand or less than 1 percent from last month, and up marginally from last year.

COARSE GRAIN  
SITUATION

The coarse grain trade is estimated this month at 86 million 500 thousand tons, a slight increase from last month's estimate, but still much lower than the 1984/85 and 1983/84 bumper years, according to the U.S. Department of Agriculture.

WORLD OILSEEDS  
PRODUCTION

The world production for oilseeds for 1987/88 is estimated by the U.S. Department of Agriculture at a record 202 million 700 thousand tons, up 700 thousand or less than 1 percent from last month and up almost 5 percent from last year. U.S. production is estimated at 60 million 100 thousand tons, unchanged from last month, but up 1 percent from last year. The world soybean production is estimated at a record 101 million 400 thousand tons, up 500 thousand or less than 1 percent from last month, but up nearly 4 percent from last year.

WORLD COTTON  
SITUATION

The world cotton production for 1987/88 is now estimated by the U.S. Department of Agriculture at 77 million 900 thousand bales, up 476,000 bales from last month's estimate. The world cotton consumption is now estimated at 82 million 300 thousand bales, up 365,000 bales from last month's estimate. World cotton trade for 1987/88 is now estimated at 24 million 200 thousand bales, down 70,000 bales from last month's estimate. U.S. cotton exports are now placed at 7 million bales, down 100,000 bales from last month's estimate. International cotton prices continue to follow the downward trend seen throughout most of the current marketing year.



CASH INCOME  
MAY DECLINE  
IN 1988

The net cash farm income may decline to \$50 to \$55 billion in 1988, as Federal supports are gradually reduced, the 3-year drop in production costs comes to an end, and livestock earnings decrease after 2 years of growth. Net farm income, after reaching a new nominal high of \$45 billion last year, may total \$40 to \$45 billion, according to the U.S. Department of Agriculture. A continued fall in depreciation expenses and an expected increase in the value of farm inventories will help support net farm income.

FARMERS &  
TAXES

The Federal income tax reform has reduced the tax burden on most farmers as individuals, but income from farm investments is generally taxed more heavily, according to the U.S. Department of Agriculture. The self-employment tax continues to rise, surpassing the income tax in importance for many low- and middle-income farmers.

FROM OUR RADIO  
SERVICE

AGRICULTURE USA #1602...(Weekly 13½ min documentary) Food imports into the U.S. are on the increase. George Holmes explains why and also what impact this is having on farmers.

AGRITAPE/FARM PROGRAM REPORT #1590...(Weekly reel of news features) USDA news highlights; Price support loan extensions; No more FmHA farm foreclosures??; Farm tax on diesel fuel; USDA's most important survey.

CONSUMER TIME #1082...(Weekly reel of 2½-3 min features) Snow damage to plants; Cold weather and your plants; Adult sitting; Is wine a fruitful industry?; The magic of soft shell crabs.

USDA RADIO NEWS SERVICE...Wed, Feb. 17, Crop/weather update, Feed outlook, Stories from radio press conference on the USDA cost/returns survey; Thurs, Feb. 18, U.S. agricultural outlook, Stories from press conference on upcoming USDA budget proposal; Fri, Feb. 19, Livestock and poultry outlook, Catfish production; Mon, Feb. 22, Meat production report; Tues, Feb. 23, Crop/weather update, U.S. wheat outlook, Horticultural product export report; Wed, Feb. 24, Vegetable outlook, Poultry production; Thurs, Feb. 25, World tobacco situation, U.S. farm export outlook; Fri, Feb. 26, U.S. milk production, Cotton and Wool outlook. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

TELEVISION SERVICE programs, A BETTER WAY, DOWN TO EARTH, AGRICULTURAL UPDATE and SATELLITE NEWS are available on satellite Westar IV, audio 6.2 or 6.8 as follows:

Thursdays....AG UPDATE/SATELLITE NEWS, 7:30-7:45 p.m. ET.....Transponder 12D

Saturdays....A BETTER WAY, 10:00-10:30 a.m. ET.....Transponder 9X  
ORIGINAL - DOWN TO EARTH, 10:30-11:00 a.m. ET....Transponder 9X  
UPLINK SATELLITE NEWS/AG UPDATE, 11:00-11:15 a.m. ET.....Transponder 9X

Mondays.....A BETTER WAY, 8:00-8:30 a.m. ET.....Transponder 12D  
REPEAT DOWN TO EARTH, 8:30-9:00 a.m. ET....Transponder 12D  
UPLINK SATELLITE NEWS/AG UPDATE, 9:00-9:15 a.m. ET.....Transponder 12D

A BETTER WAY is also available on The Learning Channel SATCOM 3R, Transponder 2, Audio 6.8 each Friday 11:00 a.m. ET.

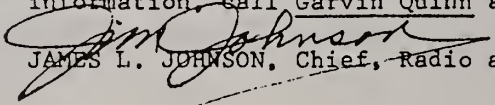
OFF MIKE

Our Larry Collins was cleaning videotapes out a mail sack the other day and, thanks to his efforts and sharp eye, we're now able to thank Tim Moore (WSWR, Shelby, OH) for his Christmas card! Interesting questions: How long was the card in the mail bag and how many times had the bag been emptied and filled again? Larry didn't have a clue. He gets the filled bags from the mail room and returns the empties ... Bob Bosold (WAXX, Eau Claire, WI) proposes a solution to the slow delivery of this newsletter: "Why not do what all the magazines do...date it for next week so we get next week's news this week?" Didja follow that? Incidentally, Bob's January newsletter reported he's been so busy, the family Christmas tree is still up. And, as he puts it, "The needles are falling fast, though, so hopefully, it won't be an Easter plant." You don't have the problem, do you? Naaahhh ... Interesting phone call last week from Leland Glazebrook. He was working a speech for someone and had a fascinating question: "How much is the world worth?" We didn't

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have a ready answer (nor an unready one for that matter). He dropped us a note this week reporting on some of his experiences in trying to get the answer. No luck. But he did have an interesting observation: "Sometimes we're happier when we never know the size of our assets, especially when the kin folks are around!" ... Anita Hughes will be available for a job in broadcasting after she graduates March 18. As you may remember, Anita was an NAFB scholarship winner in both 1986 and 1987. She can be contacted at 205-826-4386 ... On the other side of the coin, University of Kentucky is looking for a radio/TV specialist in their Department of Agricultural Communications. Applications will be accepted until March 1st, so there isn't much time, if you're interested. For more information, call Garvin Quinn at 606-257-3859.

  
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